

H

39-A

BUDGET SPEECH

DELIVERED BY

HONORABLE JOHN S. HALL,

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC,

ON FRIDAY, MAY 20th, 1892.



QUEBEC:

PRINTED AT THE "MORNING CHRONICLE" OFFICE.

1892.

BUDGET SPEECH

DELIVERED BY

HONORABLE JOHN S. HALL,

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC

ON FRIDAY, MAY 20th, 1892.



QUEBEC:

PRINTED AT THE "MORNING CHRONICLE" OFFICE

1892.

1892 0

H

MR.

itself
state

has b
hono
appre
tende
occup

I
Prov
but, a

2-1681

O 900364

BUDGET SPEECH

DELIVERED BY

HONORABLE JOHN S. HALL,

TREASURER OF THE PROVINCE,

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC,

ON FRIDAY, MAY 20th, 1892.

MR. SPEAKER,

In proposing, as I now do, the usual motion that the House do resolve itself into Committee of Supply, it becomes necessary for me to submit a statement of the financial situation of the Province.

I have at the outset, Sir, to say that I fully appreciate the honor that has been conferred upon me by my political friends in confiding to me the honorable and responsible position of Treasurer of this Province, and I appreciate fully more the consideration and confidence that has been extended to me by those who differ from me politically and by those who occupy seats on the opposite side of the House.

I can assure you, the task of enquiring into the financial position of the Province, and putting it before you in a clear light, has been no easy one, but, as in all like positions of burden, or even of despair, I have been en-

couraged by the offers of support and assistance by people of this my native Province, without regard to political bias or prejudice, and inspired only by substantial and patriotic motives for the welfare of the country.

I accepted the responsibility of the Treasurership and now relieve myself of the trust in a large measure by giving you the result of my enquiry, and invite all to cordially assist in meeting the situation.

My predecessor (Hon. Mr. Shehyn), on the 12th April, 1887, when he made his first budget speech in this House, said : "The task which I am about to undertake offers very grave difficulties of a multiple and delicate nature, and it is not without hesitation that I enter upon it."

How much more true is that for me to-day than it was for him may easily be granted from the statements and figures I will give you later on.

I took office on the 22nd December, 1891, after the dismissal of the Mercier administration on the 17th December, consequent on the scandalous revelations of corruption in connection with what is known as the Baie des Chaleurs Railway, Langlais, and other matters. That administration had at the time 48 supporters in a House of 73. The ministry to which I belong, decided on an appeal to the country, which took place on the 8th of March, and, as a result, we find ourselves supported by more than the late administration had, or, a majority that puts beyond peradventure, the questions fought out at the general elections.

There is no doubt these questions were those of honest, patriotic and economic administration, a restoration of our credit, and an absolute and unqualified condemnation of corruption and extravagance.

I have not the time to make a political speech. The moment is serious and critical for the Province, though, if we but just adopt practical measures, there is not only no fear but even radiant hopes for the future.

It is my duty, and I do not shrink from it, to state frankly and fairly, without regard to party, exactly where we are and where we stand.

Later on it will be for me, however much odium I may incur, to suggest a remedy for the situation, and it will then be for you, the members of this Legislature, to examine the situation, and to assist or condemn me.

Every one knows that the Mercier administration came into power, practically speaking, on the 17th January, 1887, with promises and assur-

of this my na-
e, and inspired
the country.

I now relieve
the result of my
ation.

1887, when he
k which I am
e and delicate
t."

s for him may
you later on.

dismissal of the
he scandalous
the Baie des
istration had
which I belong,
3th of March,
han the late
re, the ques-

patriotic and
absolute and

nt is serious
actical mea-
ure.

and fairly,
stand.

, to suggest
bers of this
ne.

into power,
and assur-

ances of economic administration and general welfare for the country that it is useless to recall, and it wil' only be for me to give you the result of the administration to shew how disastrous it has been.

Before going into details, I may say that during the elections, on the 16th February last, in my official position as Treasurer, I delivered a speech at the Windsor Hall, Montreal, where I gave many particulars which I will be relieved of repeating to-day. All the honorable members have had a copy of that speech. I ought, however, to ask you to bear in mind three points :

1st. Our financial year is from 1st July to 30th June in each year, and when I will speak of a year it will mean that ending on the 30th June.

2nd. I will take the public accounts as prepared by my predecessor and give you the figures as they appear there.

I do not admit his classification of expenditure into that of ordinary and special. This latter is absurd and dangerous, and whatever classification there may be, the public must understand we have to provide means for what we pay or undertake to pay.

If our ordinary revenue is insufficient and we borrow money, we must not only repay it, but also the interest, and all this has to come out of earning power and our revenue.

The statements in detail in my speech of 16th February, and as seen from the Public Accounts of each year, show that this "Special Expenditure" was grossly used by the Treasurer to hide ordinary expenditure and to try and show a surplus of ordinary receipts. He also used Trust Funds and large amounts of Guarantee Deposits from Railway Companies in the ordinary cash, which we are now called upon to repay.

For the future this heading of Special Expenditure will disappear.

3rd. My predecessor disclaims any responsibility for the expenditure for 1887 and started fresh on the 1st July with all he asked for and what we call in English, a clean slate.

I presume, Sir, the House desires to know where the Province stands, and for this purpose I will tell you our position at it will be on the 30th June, 1892.

To do this I must give you a short history, and for clearness of discussion, I will divide my remarks into five heads :

1. The cash operations between 1st July, 1887, and 17th December, 1891, and the estimated position on the 30th June, 1892, or, how my predecessor dealt with all the cash received by him and what position he left for me.
2. Our Liabilities and Assets.
3. The Mercier Administration.
4. The Legacy left the Province.
5. The Year 1892-93 and the future.

I.

CASH OPERATIONS, 1ST JULY, 1887, TO 17TH DECEMBER, 1891, AND ESTIMATED RESULT ON 30TH JUNE, 1892.

My predecessor (Hon. Mr. Shehyn), on the 12th April, 1887, in his first Budget Speech, criticized more than severely his predecessors and my friend, the Hon. J. G. Robertson. He complained of extravagance and incompetency and asked for a small loan of \$8,500,000. If he got this he stated (as a business man) he would put the Province right, wipe out all deficits to 30th June, 1887, and march us on to progress and that (page 64 of his Speech) he would give us a surplus of \$19,698.20. He went still further and declared, on account of the increase in the timber dues made only five days before his speech, his surplus would be at least \$157,927.00 for the year 1887-88.

He complained, too, that his predecessors had so mismanaged affairs, that, as a legacy for him, there was, when he took office on the 31st January, 1887, a floating debt of \$3,888,484.22 (page 42 of his speech), but this was to be disposed of through the proceeds of the \$8,500,000 loan. He obtained what he asked, and it will now remain to be seen how he fulfilled his promise.

In my speech on the 16th February, 1892, I have given (as taken from the Public Accounts) in detail, his operations from 1st July, 1887, down to 17th December, 1891.

I have annexed hereto a statement marked 1, a summary from 1st July, 1887, down to 30th June, 1891, to show, according to Hon. Mr. Shehyn's classification, how the cash was spent, and how it was obtained to meet the expenses. It will be seen my predecessor was travelling on borrowed and trust moneys every year.

This statement shows that during this period my predecessor borrowed.....	\$6,445,926 83
The proceeds of the permanent loan were.....	3,378,332 50
Balance of borrowed money through temporary loans and the use of Railway Guarantee Deposits and Trust Funds	3,067,593 83

I take the end of the year 1891, because the figures are absolute and cannot be disputed, and they will prove that my forecast as on the 30th June, 1892, which I will give later on, will not be far astray.

To make a long story short, there was, on 30th June, 1891, as follows:

Cash on hand.....	\$ 471,852 59
Less required to pay outstanding warrants.....	235,602 63
	<u>\$ 236,249 96</u>

And the Province owed :

Temporary Loans.....	2,223,333 83
Railway Guarantee Deposits.....	1,973,108 57
Trust Deposits.....	262,252 47
	<u>\$4,458,674 87</u>

In other words there was a cash deficit of \$4,222,441.41.

To some this may seem startling, but it is easily verified by the speech of my predecessor on the 9th December, 1890, before this House, and by the Public Accounts for 1890-91. In that speech (page 7), selecting from his figures, he gives us as the result for 1889-90, as follows:

Total payments.....	\$5,812,907 65
Total receipts including Trust Funds.....	3,588,920 50
Excess of Expenditure over Receipts.....	<u>\$1,723,987 15</u>

This was rather a bad showing, but my predecessor got over it, and this excess was paid from the following sources:

Cash on hand, 30th June, 1889	\$ 2,210,019 79
Less outstanding warrants.....	73,259 66
	<hr/>
Excess Expenditure as above.....	\$2,136,760 13
	1,728,987 15
	<hr/>
	\$ 412,772 98

The Public Accounts show :

Cash on hand 30th June, 1890.....	\$ 525,344 43
Deduct the outstanding warrants.....	112,571 45
	<hr/>
	\$ 412,772 98

This amount was supposed to be cash available, but on examining into the cash on hand 30th June, 1890, I find it entirely composed of Trust Funds and Deposits from Railways, and though my predecessor showed the above amount of cash on hand he had used up and we owed on the same date as follows :

Railway Guarantee Deposits :.....	\$1,916,685 98
Trust Deposits	261,361 27
	<hr/>
	\$2,178,047 25

all of which had been used up in the Cash generally. And, in addition, the proceeds of our Loan of \$3,500,000.00 were gone.

But, Sir, while that was the state of the Cash on the 30th June, 1890, let us examine Mr. Shehyn's own statement as to the floating debt on the 1st July, 1890.

We must remember first that he bitterly complained of having been left by his predecessors with a floating debt in 1887, yet he got his loan to pay this off and started clean on the 1st July, 1887.

Do not let there be any misunderstanding, but let me give word for word and figure for figure taken from Mr. Shehyn's own lips and his own speech in December, 1890 (pages 24 and 25).

FLOATING DEBT ON 1ST JULY, 1890.

Temporary deposits.....	\$ 261,361 27
Railway Companies' guarantee deposits	1,916,685 98
Railway Subsidies not earned.....	\$1,367,737 92
Land Subsidies converted, but not earned :	
First 35 cents per acre	865,159 96
Unconverted land Subsidies.....	665,350 00
	2,898,247 88
Balance of expropriations connected with the construction of the Q. M. O. & O. Ry and other debts.....	122,364 00
Loss on Exchange Bank deposit	27,000 00
Settlement of Jesuits' Estates—Protestant Committee of Public Instruction	62,961 00
Estimated Special Expenditure 1890-91.....	912,183 00
Supplementary estimate of Special Expenditure.... 1890-91.	115,448 71
Estimated Special Expenditure 1891-92.....	\$ 888,555 00
Less re-votes.....	280,000 00
	558,555 00
Cash on hand on 1st July, 1890.....	\$ 6,874,806 84
Less warrants outstanding to be paid out of this amount.....	112,571 45
	\$ 412,772 98
Obligation, under the act 53 Victoria, chapter 110, guaran- teeing a third of the interest at 3½ per cent, during 10 years, on three millions of dollars worth of bonds, which may be issued by any company regularly formed for the purpose of building a bridge over the river St. Lawrence at or near Quebec	\$ 6,462,033 86
	300,000 00
	\$ 6,762,033 86

What a history, Mr. Speaker, of the late administration from 1st July, 1887, to the 1st July, 1890.

We start the year 1890-91 owing \$2,178,047.25 for Trust Money, which have been diverted from their trust and been spent.

In three years, in addition, we have a new floating debt of \$6,762,033.86, less the above amount of \$2,178,047.25, and I have not yet come to the question of increase in expenditure or reckless administration, but which I will take up later on.

A permanent loan of \$3,500,000.00 has been effected for special purposes. It is all gone, and if members will refer to my Windsor Hall speech, to the statement at the end, they will see we still owe over \$600,000 of the debts for which it was obtained.

I have just shown you what a bad position we were in, and it seems incredible to believe the late administration were not aware of the situation. Yet, Sir, how did they act?

They run the Province still further into debt and actually obtained at the session held in November and December, 1890, authority for a \$10,000,000.00 loan, based on the following statement:

(54 Vic., Cap. 2.)

Outstanding warrants.....	\$ 112,571 45
Temporary deposits.....	261,361 27
Railway guarantee deposits.....	1,916,685 98
Railway subsidies granted, but not yet earned.....	2,898,247 88
Debts Q. M. O. & O. Ry.....	122,864 00
Loss Exchange Bank deposit.....	27,000 00
Protestant settlement Jesuits' Estates.....	62,961 00
Estimated Special Expenditure 1890-91.....	912,183 00

Less cash on hand 1st July, 1890.....	\$ 6,813,874 58
	525,344 48

Special Expenditure Supplementary 1890-91.....	\$ 5,788,030 15
do do 1891-92.....	115,488 71
Railway Subsidies voted November, 1890.....	558,555 00
	4,400,820 00

	\$ 10,862,353 00

Coming on down to 1st July, 1891, the Public Accounts show us as follows:

I only give a summary, as I will deal with the detail later on in submitting the estimates for 1892-93.

Ordinary expenses.....	\$4,095,520 45
" revenue	3,457,144 32
Deficit.....	\$ 638,376 13
Special Expenses and Railway Subsidies	1,775,874 41
Total Expenditure over Total Revenue.....	2,414,250 54

However, the late administration were not to be outdone to meet this excess of Expenditure. How did they do it? Of course they did not receive Railway Guarantee Deposits every year, but they had to raise the cash and here is how they paid this sum :

Trust Funds	\$ 14,394 19
Temporary Loans	2,228,383 33
Cash on hand 30th June, 1890, less outstanding warrants.....	412,772 98
Deduct.....	2,650,500 50
Cash 1st July, 1891.....	2,414,250 54
	236,249 96

But while there thus appeared to be this on hand, there was owing :

Temporary Loans.....	2,228,383 33
For Railway Guarantee Deposits.....	1,973,108 57
Trust Funds.....	262,252 47

1891-1892. \$4,458,694 37

This year is started by having Cash on hand \$236,248.26, and yet owing cash for above purposes to the amount of \$4,458,694.37.

Well, Mr. Speaker, can you imagine anything more disgraceful and how serious for the Province. The Mercier administration went out on the 17th December, 1891, and this administration came into power on the 22nd of the same month, and a return has been submitted to the House, giving details of the Receipts and Payments to 17th December, 1891.

The operations for the current year to that date were as follows :

Ordinary Expenditure.....	\$2,083,015 47
do Receipts.....	1,534,938 85

Deficit.....

Special Expenditure.....	\$143,118 40
--------------------------	--------------

Railway Subsidies.....	825,855 00
------------------------	------------

Repayment Trust Funds.....	7,383 40
----------------------------	----------

" Railway Deposits.....	112,342 93
-------------------------	------------

Special Receipts.....	\$588,699 73
-----------------------	--------------

From Trust Funds.....	3,374 18
-----------------------	----------

10,221 28

578,478 45

Excess of Expenditure over Receipts up to 17th December, 1891.....

\$1,126,555 57

This was paid from the following sources :

Cash on hand 30th June, 1891, less outstanding warrants.....

1891.

\$236,249 96

Proceeds Loan, 1891..... \$3,707,530 00

Less repayment Temporary

Loans..... 2,073,838 33

1,634,196 67

\$1,870,446 63

Cash on hand 17th December, less required for outstanding warrants.....

1891.

\$743,891 06

Of this amount there were special deposits in Banks, part of Railway Guarantee Deposits

\$387,563 67

Deposits to secure advances by Banks to railway companies.....

64,180 00

Special Deposits in Banks not payable until after 1st January.....

75,000 00

20,000, Sold at

526,693 67

Available Cash 17th December, 1891.....

19,210, 18

were as follows :

3,015	47
4,938	35
.....	
\$548,077	12
118	40
855	00
388	40
342	93
699	73

221	28
.....	
578,478	45
ecem-	
.....	\$1,126,555 57

9	96
.....	
8	67
.....	\$1,870,446 63
and-	
.....	\$743,891 06

67	
.....	
00	
00	
526,698	67
.....	
\$217,197	89

Our loan of \$8,500,000.00 all gone, and \$600,000.00 of the liabilities for which the loan was incurred still outstanding. Our funded debt increased. Out of the loan of \$10,000,000.00 authorized in 1890, the sum of \$8,707,580.00 has been received and spent, and on account of both a large amount per year added to our interest charges.

We also owed on 17th December, 1891 :

For Temporary Loans.....	\$ 150,000 00
For Railway Guarantee Deposits.....	1,860,766 98
For Trust Deposits.....	265,376 65
.....	
	\$2,276,143 63

And besides all this we have our floating debt of which I will speak later on.

I ask the Honorable Members to pay attention to these figures and see if it is not time for us to awaken.

THE LOAN OF \$4,000,000.00.

I will digress a little to give you a history of this loan, effected in July, 1891.

During this period, as above shown, a portion of the \$10,000,000 loan authorized by 54 Vic., Cap. 2 (December, 1890) was floated. The loan was for 20,000,000 francs, or \$4,000,000, and floated in Paris. 40,000 regular bonds of the Province for 500 francs each, bearing date 15th July, 1891, and redeemable in Paris two years from date with half-yearly interest coupons attached at the rate of four per cent per annum, have been issued. The bonds were placed on the market at 490 francs each, but a commission of 9 francs and 75 centimes on each bond was paid to the Credit Lyonnais and the Banque de Paris et des Pays-Bas for floating them. This left to the Province 480 francs 25 centimes per 500 franc bond. The proceeds and expenses have been as follows :—

PROCEEDS OF LOAN :

20,000,000 francs at 19 $\frac{3}{4}$ c. per franc.....	\$3,860,000 00
Sold at Fr. 490.25 per 500 Francs [3-95 per cent. discount]...	152,470 00
19,210,000 francs at credit of Province in Paris 16th August, 1891.....	\$3,707,530 00

EXPENSES :

Stamps on Bonds.....	\$ 5,790 00
Printing and Engraving Bonds.....	965 00
Insurance and Freight on Bonds.....	96 50
Loss in Exchange to date.....	14,016 72
Travelling Expenses.....	8,802 24
	<hr/>
	\$29,670 46

The Province also pays a commission of one half per cent for the payment of the coupons and a commission of one quarter per cent for the redemption of the principal if the loan is not merged into and made to form part of the balance of \$6,000,000.00.

The loan cannot be said to be advantageous, but is onerous for the Province.

No business man would justify it, nor the expense of issuing regular bonds for a loan of such a short date. As to interest, the Province loses one month's advantage of the proceeds from 16th July to 16th August, when we dues got the money, and as a matter of fact, taking in the expenses, we are paying 6½ per cent.

There can be no question such an amount could have been obtained more advantageously from our Banks here for such a period of time.

Now it remains for me to give you my forecast for the 1st July, 1892.

There has just been laid before the House a statement of the receipts and expenditure up to the 1st May, 1892.

To avoid too many figures, I have in my hands statements, called Miscellaneous Statements, as to the position of the Province on the 1st July, 1892, and they have just been submitted to the House and are annexed hereto.

I have already referred to Statement No. 1, as giving a synopsis of the Cash operations, and Receipts and Expenditures from 1st July, 1887, to 1st July, 1891.

The Statement No. 2 shows you the Receipts and Expenditures from 1st July, 1891, to 17th December, 1891, and the position of affairs when I took office, and to this I will refer later on.

5,790 00
965 00
96 50
4,016 72
8,802 24

\$29,670 46

half per cent for the pay
arter per cent for the
l into and made to form

ut is onerous for the
use of issuing regular
the Province loses one
6th August, when we
penses, we are paying

have been obtained
period of time.

for the 1st July, 1892
ment of the receipts

ments, called Mis-
e on the 1st July,
and are annexed

a synopsis of the
July, 1887, to 1st

xpenditures from
of affairs when I

Statement No. 3 gives you information as to the Ordinary Receipts for 1891-92.

My predecessor's estimate was.....	\$3,602,885 70
To 17th December Receipts have been.....	1,545,159 63
Estimated for balance of year.....	1,867,168 36
	\$3,412,827 99
or a shortage or deficiency of.....	\$ 190,507 71

It will be seen the great deficiency is in Crown Lands, but after enquiry into the working of this Department it is not surprising. Recklessness, and violation of all rules of conduct are too mild to describe it, and the conduct of one official under the eye of the ex-Commissioner will explain anything. Mr. J. B. Charleson, the Chief of the Bushrangers and everything else, by his own hand, without an Order in Council, remitted and wiped out Timber dues during the year to an extent of about \$100,000.00.

Statement No. 4 shews the estimates of expenditure of my predecessor in the first column, then in the other columns the amounts expended to 17th December, and the amounts required to 30th June, 1892.

The increase is not surprising. The late administration were continually submitting to the House short appropriations and meeting the deficiency each year by Special Warrants and Supplementary Estimates. Any one can easily verify this by examining the Journals of the House each year to see the warrants and then the Supply Bills in the Statutes to see the Supplementary Estimates.

Mr. Shehyn's total estimate for the expenditure (not including repayments of Temporary Loans and Trust Funds) for the year 1891-92, was..... \$5,385,476 17

While the Revised Estimates show that the total expenditure will be..... 6,479,068 10

Showing an increase for the same service of..... 1,093,591 93

as follows:

ORDINARY.

(SERVICE).

	ESTIMATES.	REVISED ESTIMATES.
Public Debt.....	\$1,239,556 82	\$1,391,627 82
Legislation	216,797 70	292,115 20
Civil Government.....	251,938 00	272,140 50
Administration of Justice, including Police and Reformatories.....	500,355 00	695,878 08
Public Instruction.....	410,610 00	416,656 98
Agriculture	126,200 00	146,459 85
Colonization and Immigration.....	165,487 50	165,487 50
Public Works.....	104,474 76	159,360 45
Lunatic Asylums.....	210,000 00	369,987 05
Charities.....	52,825 00	52,825 00
Miscellaneous	280,650 00	474,369 57

RAILWAY SUBSIDIES AND Q. M. O. & O. Ry.

CLAIMS

REPAYMENT RY. GUARANTEE DEPOSITS.....	756,956 25	1,165,636 64
Special Expenditure.....	231,070 14	231,070 14
	888,555 00	645,453 82
	<u>\$5,385,476 17</u>	<u>\$6,479,068 10</u>

Mr. Shehyn's estimates of Special Expenditure are decreased by \$523,971.65, consisting of the following amounts, which cannot be expended during the year, viz :

Parliament Buildings.....	\$ 20,000 00
Laval Normal School.....	74,147 60
Vaults for Quebec Archives.....	10,000 00
Montreal Gaol.....	399,856 00
Stoning Country Roads.....	9,968 05
Court House, Hull.....	10,000 00
	<u>\$523,971 65</u>

and increased by \$330,870.47, viz:

Paid under contracts, and for which there was no appropriation or vote, though my predecessor must have known the money would have been wanting:

Montreal Court House extension.....	\$180,000 00
Jacques Cartier Normal School.....	111,380 62
McGill Normal School	6,580 00
nd for Commission Culture Beet Root.....	\$297,960 62
Royal Commissions.....	14,909 85
	18,000 00
	\$330,870 47

Proceeding further and taking Statement No. 5 there will be found a statement gathered from the foregoing showing as a summary the expenditure and revenue to 30th June, 1892, as follows:

deficit of Ordinary Revenue, to meet Ordinary Expenditure...	\$1,044,800 79
excess of Special Expenditure over Special Receipts proper...	642,453 82
Railway Subsidies and claims of Q. M. O. and O. Ry.....	1,165,636 64
repayment Railway Guarantee Deposits.....	231,070 14
total estimated excess of Expenditure over Revenue.....	\$3,083,961 89

as I have shown you above, the similar excess on 1st July, 1890, was.....	\$1,723,987 15
on 1st July, 1891, was	2,414,250 14

It will be seen the march and growth of the Mercier administration was sure but rapid.

In the above summary for 1st July, 1892, the receipts from loans are not included but only the expenditure and the ordinary revenue and what is called in the Public Accounts "Special Receipts."

Coming to the position of the Province on 1st July, 1892, it must be borne in mind that during the year 1891-1892 there was received and put into the general funds \$3,707,580.00. Out of this there was repaid \$2,078,333.88 of the \$2,228,333.88 of temporary loans outstanding on the 1st July, 1891, and the balance of the loan, without any regard to the purposes for which it was contracted, went into the ordinary cash to meet all wants.

This, of course, relieved the Province of the pressing wants and ordinary needs and satisfied the result of gross and reckless expenditure.

Taking now the summary at the end of Statement No. 4 annexed. I have already given you the total receipts from all sources including the loan and given you the expenditure at 17th December, 1891. We had the nominally, cash in Banks \$893,491.27. This summary shows the estimate from 17th December to the end of the year, as follows, and including all receipts:

Ordinary Expenditure.....	\$ 2,353,892
Special.....	502,385
Railways and Q. M. O. & O. Ry. claims	839,781
Repayments Railway Guarantee Deposits.....	119,607
Receipts from 17th December to 30th June.....	\$ 3,815,676
	1,867,168
Cash 17th December, 1891.....	\$ 893,491 27
Less Guarantee and Trust Deposits.....	356,791 68
Cash to be provided for above all revenue to 30th June, 1892.	\$ 1,411,808 95

The situation is therefore one that requires attention and it is evident the Province must now awaken to the moment.

FLOATING DEBT 1ST JULY, 1892.

I will not go into much elaboration about this but will give you what is most immediate.

Cash deficiency above	\$ 1,411,808 95
Temporary Loans contracted by my predecessor and unpaid.	150,000 00
Railway Guarantee Deposits.....	1,741,097 83
Railway money Subsidies.....	2,629,296 89
Railway land Subsidies converted into money, balance on first 35 cents per acre.....	765,295 00
Railway land Subsidies which may be converted, first 35 cents per acre.....	1,833,300 00
	\$8,580,798 67

ssing wants and ordinary
expenditure.

ment No. 4 annexed.

ources including the la-
ber, 1891. We had the
nary shows the estimat-
llows, and including a

..... \$ 2,353,892
..... 502,335
..... 839,781
..... 119,667

..... \$ 3,815,676
..... 1,867,168
..... \$ 1,948,508

91 27
91 68
— 536,699 5
1892. \$ 1,411,808 9

on and it is evident

I have not included in this a number of claims, Petitions of Right, and other matters not immediate but sufficient to show the necessity of some action and resolute action.

This gives you then the position of the Province on 1st July, 1892,

(1) Floating debt of..... \$ 8,583,978 67
(2) Of this there is..... 3,802,906 78

a cash deficiency comprising the above three items.

(3) There is also for the future the obligations and, as is evident from the foregoing, an enormous excess of Expenditure over Revenue giving, as will shew you later on, notwithstanding our reductions, a deficiency in Annual Revenue of about \$1,600,000.

As the Railway Guarantee Deposits are large and impose a large annual obligation on the Province, it is time something should be done to prevent the possibility of such large sums being diverted and used for ordinary purposes.

The following are the amounts which will be payable, each of the following years by the Province, from the 1st July, 1892, for the guaranteed interest coupons on Bonds of Railway Companies which have made deposits to secure this guarantee and payment, the amounts being paid in two half-yearly payments each year;

92-93.

Montreal and Lake Maskinongé Railway Company.....	\$ 5,000 00
Misconata Railway Company No. 1	78,840 00
Montreal and Lake St. John Railway Company.....	189,800 00
Misconata Railway Company No. 2.....	34,066 66
	<hr/>
	\$ 307,706 66

93-94.

Montreal and Lake Maskinongé Railway Company.....	\$ 5,000 00
Misconata Railway Company No. 1.....	78,840 00
Montreal and Lake St. John Railway Company.....	189,800 00
Misconata Railway Company No. 2.....	34,066 66
	<hr/>
	\$ 307,706 66

\$8,580,798 67

1894-95.

Montreal and Lake Maskinongé Railway Company.....\$	5,000 00
Temiscouata Railway Company No. 1.....	78,840 00
Quebec and Lake St. John Railway Company.....	189,800 00
Temiscouata Railway Company No. 2.....	84,066 66
	<hr/>
	\$ 307,706 66

1895-96.

Montreal and Lake Maskinongé Railway Company.....\$	2,500 00
Temiscouata Railway Company No. 1	78,840 00
Quebec and Lake St. John Railway Company.....	189,800 00
Temiscouata Railway Company No. 2.....	84,066 66
	<hr/>
	\$ 305,206 66

1896-97.

Temiscouata Railway Company No. 1.....\$	28,840 00
Quebec and Lake St. John Railway Company.....	189,800 00
Temiscouata Railway Company No. 2.....	84,066 66
	<hr/>
	\$ 302,706 66

1897-98.

Temiscouata Railway Company No. 1.....\$	78,840 00
Quebec & Lake St. John Railway Company.....	189,800 00
Temiscouata Railway Company No. 2.....	84,066 66
	<hr/>
	\$ 302,706 66

1898-99.

Quebec & Lake St. John Railway Company.....\$	94,900 00
Temiscouata Railway Company No. 2.....	34,066 66
	<hr/>
	\$ 128,966 66

1899-1900.

Temiscouata Railway Company No. 2.....	\$ 34,066 66
	<hr/>

In repaying the above amounts, in the Public Accounts, the interest on the Guarantee Deposits is charged against the Public Debt as interest on deposits and the repayment of the Principal is entered under the head of Repayment of Railway Guarantee Deposits.

II.

LIABILITIES AND ASSETS.

Coming now to the Liabilities and Assets of the Province, the reckless conduct of the late administration is more marked and the new burdens imposed on the Province are easily seen and, I am sorry to say, being felt.

On 31st January, 1887, my predecessor, when he took office, had these made up and they are to be found in Statement 6 annexed.

I have had these made up for 30th June, 1891, and Statement 7 shews the details.

Statement 8 shews them as at 17th December, 1891.

A summary is as follows:—

30th January, 1887:

LIABILITIES	\$22,148,447 65
ASSETS	10,754,280 54
NET DEBT.....	<u>\$11,389,167 11</u>

30th June, 1891:

LIABILITIES	\$33,581,877 84
ASSETS	11,189,553 30
NET DEBT.....	<u>\$22,442,324 04</u>

17th December, 1891:

LIABILITIES	\$35,849,230 18
ASSETS	11,561,191 98
NET DEBT.....	<u>\$24,288,038 20</u>

Increase in 4 years..... \$12,898,871 09

As the Assets and Liabilities on 1st July, 1892, will be approximately the same as on 17th December, 1891, I will now give these Liabilities and Assets on this latter date in full.

APPROXIMATE STATEMENT of the Liabilities and Assets of the Province of Quebec, at the 17th December, 1891, based upon official reports furnished by the different Departments, but not including a large amount of disputed claims, nor those arising out of Letters of Credit or Acts prior to this date, nor amounts due to the Province from the Municipal Loan Fund, nor from municipalities for other matters.

LIABILITIES.

Funded Debt outstanding.....	\$ 25,209,873 38
Temporary Loans.....	150,000 00
Trust Deposits.....	258,243 25
Railway Company Deposits to meet guaranteed interest on Bonds.....	1,860,765 64
Outstanding Warrants.....	149,600 21
Estimated deficiency of ordinary revenue to meet ordinary expenditure, between 17th December, 1891, and 30th June, 1892.....	496,723 67
Railway money Subsidies authorized but not yet earned.....	\$ 3,147,910 99
Railway land Subsidies converted into money Subsidies, authorized but not yet earned, Balance on first 35c. per acre Railway land Subsidies which may be converted into money Subsidies, 5,028,000 acres at 70c. per acre = \$3,519,600.00—first 35c. per acre payable as work is done.....	1,144,325 99
	1,759,800 00
Balance of land and other debts Q. M. O. & O. Railway.....	\$ 6,052,086 89
Special Expenditure authorized by the Act 54 Victoria, chapter 1, schedule B.....	60,680 12
LESS—paid to 17th December, 1891.....	888,555 00
	128,208 55
Additional amounts estimated to be required for the following public works:	710,846 45
Parliament Buildings—balance contract for Statues.....	16,000 00
Parliament Buildings—to complete wall enclosing grounds.....	16,000 00

Montreal Court House—to complete contract.....	453,500 00
McGill Normal School—for furniture delivered	6,580 00
Jacques-Cartier School—for furniture delivered	111,380 62
Iron Bridges—under engagement.....	72,000 00
Loss on Exchange Bank Deposit.....	675,460 62
Quebec Court House Bonds.....	25,500 00
	200,000 00
	\$35,849,230 18

ASSETS.

Part of price Q. M. O. & O. Ry., deposited in Banks.....	\$ 353,390 00
Part of price Q. M. O. & O. Ry., invested in \$29,000 Province of Quebec Bonds, Loan of 1878, bought at 109 per cent.....	31,610 00
Part of price Q. M. O. & O. Ry., invested in Quebec Court House Bonds	200,000 00
Part of price Q. M. O. & O. Ry., invested in City of Quebec Bonds.....	15,000 00
Balance of price Q. M. O. & O. Ry., unpaid....	7,000,000 00
Railway grant under Dominion Act 47 Vic., chap. 8	\$ 7,600,000 00
Cash in Banks.....	2,394,000 00
Claim against Hon. Thomas McGreevy.....	893,491 27
Cost of Jacques-Cartier School, Montreal, to be repaid from sale of property	100,000 00
Advances to various parties.....	138,348 02
Estimated amount due as Quebec's share of interest on Common School Fund by Ontario.....	145,352 69
Quebec Court House Tax, under 45 Vic., chap. 26, and 48 Vic., chap. 15.....	90,000 00
	200,000 00
Excess of Liabilities over Assets at 17th December, 1891.....	\$11,561,191 98
	24,288,038 20
	\$35,849,230 18

An examination of all these shew that our Assets have not increased. The main difference is in the cash on hand.

The net debt has more than doubled.

A comparison of some of the Liabilities shews as follows and indicates the increase:

	30th Jan., 1887.	17th Dec., 1891.
Funded Debt.....	\$18,155,018 33	\$25,209,878 38
Temporary Loans and Deposits	729,227 67	408,243 25
Estimated Deficit current year	370,842 00	496,723 67
Railway money Subsidies	579,732 25	3,147,910 99
do lands do converted.....	1,084,328 50	1,144,325 90
do do unconverted....	464,100 00	1,759,800 00
Railway Company Guarantee Deposits.....	1,860,765 64	
	<hr/>	<hr/>
	\$21,388,243 75	\$34,027,642 78

The most of these items shew at 17th Dec., 1891, practically a marked burden in these few years on our Public Debt and interest charges.

Our funded debt has increased \$7,054,860.00, and consequently our interest charges are increased over \$350,000.00 annually, a serious inroad on our ordinary revenue, which has to pay it.

III.

THE ADMINISTRATION OF THE LATE GOVERNMENT.

In my Windsor Hall Speech, I went rather fully into this to shew the reason why the Province was in the position it is. I could dilate on this for days and hours only to prove the recklessness and the want of care and even the corrupt expenditure, but I will now submit to you a tabular statement taken from the Public Accounts, since 1885-86, and with the forecast for 1891-92. This shews also the revenue.

You can see at a glance the extraordinary way in which the expenditures went on increasing year by year, and how little regard was had with respect to the revenue.

All the items have gone on increasing enormously, and this, in violation of all the promises laid down by my predecessor in his speech of 12th April, 1887. He complained bitterly of the expenditure of his predecessors in Public Works, and to his friend, the Honorable Mr. McShane, the expenditure in this Department was now confided, with the remark made by Mr. Shehyn that he would have "an opportunity to exercise his vigilance."

Look at the figures while he remained in office and see how the vigilance was exercised. Bad and all as his administration was of Public Works, those of his successor and the ex-Commissioner do not show any better or any business application.

Take again the Administration of Justice, which has run up from \$478,000 odd to \$695,000, and this in the face of Mr. Shehyn's pledge, and let me give you his own words taken from the same speech when he complained of enormous expense in 1886, and he there said: "My honorable friend the Premier (meaning Mr. Mercier) is giving attention to this important question, and I am satisfied that he will not fail to deal satisfactorily with it when he shall have the necessary time at his disposal after the session."

The same thing was said about Agriculture and Crown Lands, and yet, see the humiliating position in which the Province is left to-day.

I will give but one more quotation from his speech, and then the public will judge:

"Lastly, our well-defined policy, one of the principal features of our programme, is to exercise the strictest supervision over the expenditure of the public moneys, to closely watch their outlay, to control all the expenses, and to conduct the business of the Province as the business of our best managed financial institutions and great commercial houses are conducted, and according to the rules and the practice observed in those institutions.

"This is the end we have in view. To attain it, however, we must necessarily take time to seriously and thoroughly study all the details of our administrative organization so as to avoid doing anything that may not be in keeping with prudence and that will not produce solid and lasting results. I am quite convinced that, by acting with discernment and in accordance with the principles of a wise administrative economy, we shall succeed in materially and permanently reducing our ordinary and controllable expenses.

Now I give you the statement.

**COMPARATIVE STATEMENT of Payments and Receipts of the Province of Quebec, for the fiscal years
1885-86, to 1891-92, inclusive.**

EXPENDITURE.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.	1891-92. (ESTIMATED)
Public Debt.....	\$ 977,760 32	1,016,022 14	1,103,710 94	\$ 1,134,789 51	\$ 1,259,406 88	\$ 1,271,506 33	\$ 1,291,927 82
Legislation.....	181,987 75	278,169 07	228,994 88	231,812 90	312,948 81	281,978 74	292,115 20
Civil Government.....	183,675 41	193,904 06	208,677 61	236,987 39	255,144 20	269,660 07	272,140 50
Administration of Justice.....	478,506 08	497,369 23	554,146 07	569,129 46	599,883 50	679,006 18	695,878 08
Public Instruction.....	362,122 75	390,901 79	375,459 58	389,825 00	386,486 00	402,106 34	416,656 98
Agriculture.....	79,182 89	89,476 22	97,700 00	94,061 93	98,636 54	112,737 09	146,459 35
Colonization and Immigration.....	170,295 11	163,001 00	94,800 00	131,747 00	151,015 53	132,891 80	165,487 50
Public Works.....	82,584 40	94,275 94	145,096 91	116,164 23	148,841 23	139,612 83	159,360 45
Lunatic Asylums.....	230,000 00	243,000 00	241,000 00	230,000 00	230,000 00	269,143 33	369,987 05
Charities.....	37,776 00	39,316 00	39,316 00	41,956 00	44,206 00	47,729 33	52,825 00
Miscellaneous.....	248,880 74	283,063 33	276,130 37.	377 144 22	395,105 26	490,048 41	474,369 57
Total Ordinary Expenditure	3,032,771 45	3,288,797 78	3,345,032 36	3,543,618 64	3,881,672 95	4,035,620 45	4,436,997 50
* Special Expenditure.....	177,000 00	395,510 42	637,767 76	397,638 40	818,583 51	820,254 15	645,463 82
Railway Subsidies and Q. M. O. & O. Railway.....	322,970 82	745,796 70	662,275 30	1,076,647 00	343,417 97	955,620 26	1,165,636 64
3,532,742 27	4,430,104 90	4,665,075 42	5,017,904 04	5,043,674 43	5,871,394 86	6,247,997 96	
PAYMENTS NOT INCLUDED IN ABOVE:							
Trust Funds.....	7,910 00	18,510 73	8,902 83	22,996 23	14,163 98	13,417 42	8,324 00
Advances.....	20,030 40	100,000 00	10,000 00	25,321 29	..	43,760 00	..
Repayment of Deposits.....	130,383 83	..	32,765 00	57,915 23	255,069 24	222,097 41	231,070 14
Repayment Temporary Loans.....	450,000 00	250,000 00	1,500,000 00	..	..	..	2,073,333 33
608,324 23	368,510 73	1,551,667 83	106,232 75	269,233 22	279,274 83	2,312,727 47	
Total payments as per Public Accounts.....	4,141,066 50	4,798,615 63	6,216,743 25	5,124,136 79	5,312,907 65	6,150,669 69	8,560,725 43

* This heading was introduced by Hon. Mr. Shahyn in 1885-86; and for year 1886-87, \$177,000.00 is inserted, composed of amounts paid on Quebec Court House and Parliament Buildings, so as to enter comparison.

Total payments as per Public
Accounts.....

308,010 73	1,651,607 83	106,232 75	269,233 22	279,274 83	2,312,727 47
4,141,066 50	4,798,615 63	6,216,743 25	5,124,136 79	5,312,907 65	6,150,669 69

* This heading was introduced by Hon. Mr. Shryne in 1886-87; and for year 1885-86, \$177,000.00 is inserted, composed of amounts paid on Quebec Court House and Parliament Buildings, so as to enter comparison.

REVENUE.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.	1891-92.
Ordinary							
Special							
Railway Refunds							
2,948,949 69	2,965,446 62	3,738,228 39	3,625,115 20	3,588,783 79	3,457,144 32	3,392,106 71	
153,088 16	5,500 00	5,431 23	88,352 60	33,823 28	.....	.....
(¹) 12,450 17	.....	(²) 62,495 18	.....	.....	.....	(³) 3,647 10	
3,114,538 02	2,970,946 62	3,806,154 80	3,713,467 80	3,570,607 07	3,457,144 32	3,398,953 81	
RECEIPTS NOT INCLUDED IN ABOVE:							
Trust Fund							
Return of Advances							
Deposits, Railway Companies and others							
Temporary Loans							
Permanent do							
25,999 51	70,814 05	41,588 81	48,427 42	18,313 43	12,649 02	3,374 18	
4,500 00	7,025 00	13,000 00	6,000 00	.....	2,500 00	10,000 00	
32,765 00	.....	.....	2,229,670 45	.....	278,520 00	.....
750,000 00	.....	400,000 00	.....	.....	2,223,333 33	.....
780,419 51	711,204 05	3,882,921 31	2,284,097 87	18,313 43	2,517,002 35	3,707,530 00	
Total Receipts as per Public Accounts	3,895,037 53	3,682,150 67	7,639,066 11	5,907,565 67	3,688,920 50	5,974,146 67	

(¹) Q. M. O. & O. Railway refunds.

(²) City of Montreal, towards cost of Hull Bridge and land at Hochelaga.

(³) Reimbursement Railway Subsidies under b4 Victoria, Chapter 88.

TREASURY DEPARTMENT,
Quebec, 26th April, 1892.

This statement also shews how utterly regardless the administration was of Trust Funds. It will also shew you how my predecessor, violating all propriety, was using these for ordinary purposes and holding out to the country and to this House, year after year, how economically and prudently the affairs of the Province were being carried on.

IV

THE LEGACY LEFT TO THE PROVINCE BY THE MERCIER ADMINISTRATION.

To summarize, the legacy left us and imposed upon the Province, is as follows :

1. Net Debt 17th December, 1891.....	\$24,288,038 20
" " 30th January, 1887.....	11,389,167 11
<hr/>	

\$12,898,871 09

2. Ordinary expenses, 1885-86.....	\$3,032,771 45
" " 1890-91.....	4,095,520 45
" " 1891-92.....	4,436,907 50

3. Special expenditure (exclusive of Railway subsidies), an item created by my predecessor, averaged during 1888, 1889, 1890 and 1891 the enormous sum of \$668,560.95 per year, or a total of \$2,674,243.82, and for 1891-92 it will be \$645,453.82.

4. During the Mercier regime there was also the benefit derived from unexpected receipts and additional revenue as follows :

Arrears Commercial Corporation Tax.....	\$558,393 00
Annual collection " " over.....	130,000 00
Increase ground rents on Timber licenses yearly.....	140,000 00
Increase one year from licenses.....	150,000 00

5. There will be a floating debt on the first July, 1892, as above indicated, of \$3,302,906.71 of cash required up to that date and for Railway Guarantee Deposits and Temporary Loans, and, in addition, at least \$5,231,071.89 for obligations, which we may be called upon to fulfil, and which seem to be, in the near future and apart from a large number of claims, of a contestable character.

ministration
r, violating
g out to the
d prudently

6. Our annual revenue does not exceed an average of \$3,500,000.00 and we have an enormous annual deficiency and excess of expenditure over revenue to face.

7. We have to provide on 16th July, 1893, for the redemption of the loan of 1891 of 20,000,000 francs.

V.

1892-1893 AND THE FUTURE.

The estimates of expenditures have been put before you for the year 1892-1893.

In the first place, I will give you an estimate of our revenue. I may say at the outset, our sources of revenue are few.

We have the subsidy and interest on trust funds from the Dominion of Canada, payable half-yearly. These come under the terms of the B. N. A Act, sec. 112, 36 Vic., cap. 30, and by 47 Vic., cap. 4, Canada, and now amount to about \$1,278,952.80. In addition, we have the interest on the price of the Q. M. O. & O. Railway, amounting to \$367,908.07, or forming a total of \$1,646,860.87.

Then, we have our Crown Lands, which are a valuable source of assets, and yield us at present in the neighborhood of \$750,000.00 per annum.

Apart from these two sources of revenue, any other source of revenue is obtained by a tax or license direct upon the people. We have, on this way, a further source of revenue from the Licenses, direct taxes on Commercial Corporations, from Law Stamps, from the Common School Fund, and from Casual revenue. However, the source of revenue does not increase very rapidly, and I will give you, as an illustration, the total receipts for the fiscal year 1890-91 as these receipts are known and definite.

RECEIPTS FOR THE FISCAL YEAR 1890-91.

Dominion of Canada	\$ 1,278,952 80
Crown Lands	742,544 62
Administration of Justice.....	236,094 48
Percentage on fees of Public Officers.....	10,473 62
Licenses.....	586,206 14

Legislation	\$ 5,440 08
Lunatic Asylums—Contributions from municipalities and paying patients.....	8,138 60
Official Gazette	24,351 26
Public Buildings—Rents	762 17
Casual Revenue	1,991 16
Civil Service—Contributions for Pensions.....	8,309 21
Provincial Insurance Companies—Contributions to expenses of inspection	440 86
Industrial Schools.....	11 40
Direct Taxes on Commercial Corporations.....	139,436 39
Interest on deposits in Banks and on Advances	32,357 11
Premium, Discount and Exchange.....	2,884 44
Interest on the price of the sale of Q. M. O. & O. Ry.....	367,908 07
Refunds	10,841 91
 Total Ordinary Receipts.....	\$ 3,457,144 32

TRUST FUNDS.

Teachers' Pension Fund.....	\$ 4,758 66
City of Hull Sinking Fund.	140 36
Marriage License Fund.....	6,750 00
Public Officers' Security Deposits.....	1,000 00
 Return of Advance to Protestant Hospital on account of the price of Leduc Farm..	12,649 02
Railway Guarantee Deposit.....	2,500 00
Temporary Loans.....	278,520 00
 Total Receipts from all sources	\$ 5,974,146 67

I have already given you in the Miscellaneous Statements which are annexed, the receipts which, of course, are only estimates for the year 1891-92, amounting to \$8,412,327.99.

I now give you in detail what are the Estimates of our receipts for the year 1892-93.

5,440	08
8,138	60
24,351	26
762	17
1,991	16
8,309	21
440	86
11	40
9,436	39
2,857	11
2,884	44
7,908	07
0,841	91
7,144	32
649	02
500	00
520	00
333	33
146	67
ch are	
1891-	
or the	

ESTIMATED RECEIPTS 1892-93.			
Dominion of Canada :			
Subsidy under B. N. A. Act.....	\$ 959,252	80	
Interest on Trust Funds.....	72,589	32	
Special Subsidy under 47 Vic., chap. 4...	127,460	68	
Interest on Railway Subsidies under 47 Victoria, chapter 8.....	119,700	00	
		<hr/>	
Interest :			
Interest on price of sale Q. M. O. & O. Ry.	370,000	00	
do on loans and deposits	25,000	00	
		<hr/>	
Administration of Justice :			
Law Stamps.....	\$ 170,000	00	
Law Fees.....	6,000	00	
Building and Jury Fund...	10,000	00	
Municipalities, for mainten- ance of prisoners.....	10,000	00	
Gaol Guards—Montreal and Quebec	4,000	00	
Fines.....	500	00	
Montreal Gaol.....	8,000	00	
Montreal Court House.....	3,500	00	
High Constable's Fees, Que- bec.....	500	00	
		<hr/>	
Registration Stamps.....	212,500	00	
Licenses (Net revenue).....	17,000	00	
Crown Lands.....	500,000	00	
Taxes on Commercial Corpora- tions (Net revenue).....	768,150	00	
Percentage on Fees of Public Officers.....	140,000	00	
do on renewals of hypothecs.....	8,000	00	
do	300	00	
Legislation	3,000	00	
Official Gazette.....	25,300	00	
Maintenance of Insane.....	10,000	00	
Rents of Public Buildings.....	1,000	00	
Contributions to Pension Fund.....	7,500	00	
Casual Revenue.....	2,000	00	
		<hr/>	
		1,694,750	00
		<hr/>	
		\$ 3,368,702	80

There may be some receipts from Repayments of Advances, Municipal Loan Fund and Quebec Fire Loan, but it is impossible to give any definite estimate or one that could be relied on. For instance, the Estimate for 1891-92 for the Municipal Loan Fund amounted to \$25,000, yet only \$3,000 have been so far received.

It will now be seen at a glance that our ordinary revenue is in round numbers \$3,400,000. These figures may be exceeded in the Crown Lands receipts, if the business season is good and the lumber trade flourishing. Keeping in view our obligations arising from our floating debt, I now come to the next and most serious part of my remarks, and that is for next year and the future.

EXPENDITURE 1892-93.

In the Estimates that have been laid before the House, you have already had a Summary of the probable expenditure and a comparison with 1891-92, but at risk of repetition, I will give you these again as follows:

SUMMARY OF ESTIMATED EXPENDITURE FOR 1892-93 AND COMPARISON WITH 1891-92.

	1892-93.	1891-92.
Public debt.....	\$1,696,433 12	\$1,470,626 96
Legislation	198,339 60	292,115 20
Civil Government	253,507 54	272,140 50
Administration of Justice.....	623,355 00	695,355 00
Public Instruction.....	386,460 00	415,656 98
Agriculture, Colonization and Emigration	222,019 25	311,946 85
Public Works :		
Ordinary.....	\$ 106,720 36	
Extraordinary.....	375,600 00	
	482,320 36	159,360 45
Lunatic Asylums and Charities.....	355,725 00	422,812 05
Miscellaneous.....	311,197 00	384,457 68
Special expenditure.....	.....	1,180,915 62
Railway subsidies and Q. M. O. & O. Ry. for letters and acts.....	1,052,821 19	1,165,636 64
To provide for settlements prior to 17th December, 1891	72,831 89	
	\$5,582,178 06	\$6,843,855 82

An examination of this statement will show you to a certain extent the determination of the present Government with reference to an economical administration and a retrenchment of the various services, and yet maintaining the efficiency of the Public Service. The task of doing this has been more than difficult, but the Premier and my colleagues have gone to the work energetically, and with the few months at our disposal I have no doubt the public will appreciate our labours. As a commencement we show to you and to the public a reduction in all expenditures in one year of \$1,261,877.76, and I may say to you that with a little more time we will make a still further decrease by proper and judicious control of the expenditure.

The following are the services in which the decreases are shown.

These are items of ordinary expenditure, so that the reduction is permanent, and an annual one.

Legislation :

The reduction here is \$93,775.60, but of this there is about \$65,000.00 for general elections, so we should

only claim credit for.....	\$	28,775	60
Civil Government		18,632	96
Administration of Justice		72,000	00
Public Instruction.....		29,296	98
Agriculture, Colonization and Immigration		89,927	60
Public Works, Ordinary		52,640	09
Lunatic Asylums and Charities.....		67,087	05
Miscellaneous services.....		78,260	86

Total reduction Ordinary Expenditure.... \$ 481,621 14

Honorable members will observe that the Special Expenditure in 1891-1892 of \$1,180,915.62 disappears entirely.

As against this, however, we have a certain number of items which used to be generally included by my predecessor in Special Expenditure, now included under the heading of "extraordinary" in Public Works, but only amounting to the sum of \$875,600.00. Now, taking the average of special expenditure under our predecessors it was at least \$650,000.00. A very large portion of this was really ordinary or current expenditure. Take this in round figures at \$250,000.00, and add it to the \$481,621.14 above, we show you an annual reduction of \$681,621.00.

I may repeat, Sir, that we can still further make honest reductions in all the services I have just indicated, and as we have brought Legislation within about \$18,000.00 of what it was in 1885-1886, we feel we can do more with this and certainly the same with the other services, but it all wants to be done in an organized way, so as not to impair the efficiency of the services.

The honorable members will find in the Miscellaneous Statements annexed to this, a detail of the payments estimated for the year 1891-1892, but I now give you for general information a detail of the payments of the fiscal year 1890-1891. These are fixed and known and subject to no dispute. I give them so that you may compare our policy with a year with known data.

This shews :

Total Payments 1890-1891	\$ 6,150,869 69
do do 1892-1893.....	5,582,178 00
Reduction.....	\$ 568,491 69

This apparently would be at first an unfavorable comparison, but as will be seen from the estimates for 1892-1893, we have to pay for charges on Public Debt and for Repayment Railway Guarantee Deposits imposed by our predecessors, \$202,829.38 more than in 1890-1891. For Q. M. O. & O. Ry. claims, and Railway Subsidies, consequent upon the enormous grants in the fall session of 1890, we have to pay at least \$100,000.00 more. So that as regards 1890-1891 we show :

Reduction as above.....	\$ 568,491 69
Charges for interest and Railway Guarantee Deposits ..	202,829 38
Railways.....	100,000 00
	\$ 871,321 07

To give you details, the expenditure of 1890-91 was as follows :

PAYMENTS OF THE FISCAL YEAR 1890-91.

Public Debt.....	\$1,271,506 38
Legislation	281,078 74
Civil Government.....	269,680 07
Administration of Justice, including Police.....	570,078 61

Reformatories and Industrial Schools.....	100,000 00
Inspection of Public Offices.....	8,927 57
Public Instruction.....	378,110 00
Literary and Scientific Institutions.....	18,250 00
Arts and Manufactures.....	10,746 34
Agriculture.....	112,737 09
Colonization Roads and Societies.....	123,150 00
Immigration.....	7,241 80
Repatriation.....	2,500 00
Public Works and Buildings.....	139,612 83
Lunatic Asylums.....	269,148 83
Charities.....	47,729 83
Miscellaneous.....	19,977 72
Agent in France.....	2,500 00
Municipalities Fund.....	288 00
Crown Lands Department.....	287,875 00
Official Gazette.....	15,684 68
Charges on Revenues, Stamps, Licenses, &c.....	9,397 68
Inspection of Railways.....	1,000 00
Fraserville Hospital.....	500 00
Temiscaming Hospital.....	500 00
Hotel-Dieu, St. Hyacinthe.....	500 00
Grey Nuns' Hospital, St. Jérôme	500 00
St. Bernardin's College, Waterloo.....	250 00
General Hospital, Sorel.....	1,000 00
House of Refuge, Ste. Cunégonde.....	500 00
Sisters of Providence, L'Assomption.....	500 00
Transcription, binding, &c., of Registers, &c.....	9,990 04
Genealogical Dictionary of Mgr. Tanguay.....	2,800 00
Printing and distributing amendments to Municipal Code...	500 00
Polytechnic School, Montreal.....	2,500 00
Annuity to Mrs. Gaspard Drolet.....	800 00
Land grants to Head of Families of twelve living children..	1,500 00
Manual, Justices of the Peace.....	2,500 00
Biggar's Hand Book, Canada.....	625 00
St. Jean Baptiste School, Quebec.....	2,000 00
Church of England School, Quebec	2,000 00
Short-Wallick Monument.....	500 00
Reformatory and Industrial School, Pointe-aux-Esquimaux...	750 00
Municipal Code, Manuel d'Hygiène and other publications,,,	24,224 85

Models and books of design, Temple's method.....	\$ 10,000 00
Pensions Civil Service.....	28,669 08
Jamaica Exhibition.....	6,000 00
Building and Jury Fund, paid by Revenue Officers out of collections.....	8,582 99
Licenses, paid by Revenue Officers out of collections.....	45,188 42

Total Ordinary Expenditure..... \$4,095,520 45

SPECIAL EXPENDITURE :

New Parliament Buildings, construction.....	\$ 13,495 34
New Court House, Quebec, to complete surrounding wall, &c.....	8,207 00
New Court House, Quebec, to settle balance of all claims.....	155,000 00
New Court House, Quebec, crestings for roofs	800 00
Spencer Wood; hot-house, cellar for vegetables, &c.....	1,000 00
Iron Bridges in Municipalities; towards construction of.....	100,000 00
New Vaults for Court Houses and Gaols, in new districts.....	7,000 00
Night Schools.....	40,000 00
Montreal Court House extension.....	150,000 00
New Gaol, Montreal, construction	27,268 44
Sherbrooke's Court House and Gaol, construction of drains, &c.....	3,000 00
Court Houses and Gaols, new districts, heating apparatuses.....	8,000 00
Gaspé Court House and Gaol, new roof, aqueduct, &c	2,286 00
Quebec Gaol, new drains, plumbers' work, &c	3,890 00
Iberville Court House and Gaol, surrounding wall and outbuildings.....	3,000 00
Stoning country roads, to make a trial of....	6,815 28
Exhibition Society, Montreal, to repair the Exhibition Buildings	25,000 00

10,000 00
28,669 08
6,000 00
8,582 99
45,138 42
95,520 45

Toronto University, in aid of reconstruction of buildings destroyed by fire, 4th Fe- bruary, 1890.....	\$ 10,000 00
McGill Normal School, Montreal, repairs, alterations, &c.....	60,805 00
Colonization roads, explorations, inspections, &c	50,000 00
Quebec Railway Bridge.....	1,750 00
Exhibition Grounds, Montreal, for commuta- tion and purchase.....	28,721 90
Towards damages caused by a wind storm on 8th July, 1890, in the counties of Beauharnois, Vaudreuil and Hunting- don	9,880 00
Revised Statutes,—towards publishing Sup- plementary volume.....	6,009 84
Arts and Manufactures Building, Quebec, to complete	5,532 00
Index Général des Journaux de l'Assemblée Législative	6,000 00
Jacques-Cartier Normal School, Montreal, for demolition and reconstruction of facade, &c.....	80,000 00
Mémoires du Chevalier de Lévis.....	8,150 00
Expenses connected with the last illness and funeral of the late Mgr. Labelle, Assis- tant-Commissioner of Agriculture and Colonization	2,942 80
Commission re Culture of Beet-root.....	6,206 00
Railway Subsidies.....	\$885,255 99
Construction claims,—Q. M. O. & O. Ry....	70,364 27
	820,254 15
TRUST FUNDS :	
Marriage Licence Fund.....	\$7,608 00
Aylmer Court House Fund	1,659 60
Security of public officers.....	4,149 82
Advance to Protestant Hospital, Montreal....	\$35,000 00
do to South Shore Turnpike Trust....	8,760 00
	13,417 42
	48,760 00

Quebec and Lake St. John Railway Company—Repayment Guarantee Deposit..	\$136,875 97
Temiscouata Railway Company—Repayment Guarantee Deposit No. 1.....	58,004 98
do do 2.....	23,155 12
Montreal and Lake Maskinongé Railway Co.—Repayment Guarantee Deposit... .	4,061 34
	222,097 41
	\$ 6,150,669 69

By giving you this, it will afford an opportunity of comparison between these payments and between those mentioned in the Miscellaneous Statements annexed and with Expenditure set forth in the Estimates now before the House, to show in what way the present Government have redeemed the pledges they made before the electors and which they think absolutely necessary for the benefit and welfare of the Province.

The serious point, however, is that on an examination of these expenditures in the Estimates just submitted to you for 1892-93, as compared with the Estimates of Receipts, I have put before you, the showing is as follows:

Total Estimates 1892-93 in order to fulfil obligations.....	\$ 5,582,178 00
Total Estimates, Receipts.....	3,400,000 00
Deficiency, or Excess of Expenditure	\$ 2,182,178 00

If, however, we deduct from this Excess the amount included for Railways, \$1,000,000.00, it will be seen that the total deficiency for the rest of our Expenditure will be \$1,182,178.00, in which is included \$375,600.00 of extraordinary expenditure in Public Works. This, in addition to the floating debt of the Province on 1st July, 1892, is what we have to meet in the future.

On looking at the item of expenditure under Public Debt and Repayment of Railway Guarantee Deposits, it will be seen that by adding these two together, we have, as a first charge on our revenue, the sum of \$1,696,438.12 to meet next year. In taking the list of Railway Guarantee Deposits, I have given above, it will also be seen this amount will not be much reduced on this account for at least six years to come.

Turning back to the year 1885-86, the charge in connection with our Public Debt only amounted to \$977,760.32, so that we have in these past

four and a half years to meet an increase of \$718,672.80 in our fixed charges. Taking, however, this fixed sum and deducting it from our revenue, the result is as follows:

Ordinary Revenue, say.....	\$ 3,400,000 00
Charges for interest and on Public Debt, &c., 1892-93.....	1,696,438 12
Leaving a balance of.....	\$ 1,703,566 88

which is a very small amount left for the ordinary services of the administration, apart from our obligations for Railway Subsidies.

There is but one course open, and that is to bring about equilibrium between our receipts and expenditure and avoid new obligations. To arrive at this we must for some years to come increase our revenue, and this means increased taxation. It is useless and idle for us to think the Province can go along any further without taking means to pay our obligations. My predecessor got over all his difficulties by making loans and using Trust Funds, but this we have now to stop, if for no other reason than that the Province should not resort to further borrowing.

There can be no question that, since the elections, our credit has been very much restored, and our bonds on the English market have increased in value. We must maintain this position and make it still better, but we can only do this by showing that we have resources and means of revenue to meet our obligations. There was a time when the public were aware that the Dominion subsidy did not exceed our interest charges. There was probably a feeling that no matter what our ultimate sources of revenue might be, as long as the Dominion was paying us a subsidy, they would not see our bonds or our credit fail, because the Dominion had enough in its hands to pay our interest charges and save our credit. Under these circumstances borrowing was easy.

Now that time has gone, and we find that our interest charges more than exceed the amount of the subsidy payable by the Dominion.

Let us now rely on our resources and meet the difficulties by our own means and energies.

No doubt we can still make and will make further reductions in our expenses, and with our Public Debt. The items on Legislation, Civil Government and others will decrease.

We are now giving \$55,725.00 in charities. Many people will be disappointed this year in not having their applications granted, but the

Government, in view of an increase in our burdens, had to cut down and refuse many, and those we have granted were only under special circumstances and because they had relied on the grants. I may state, however, that the next Estimates will shew a reduction of most of these items, and there will only be allowed to remain those of a public or general character.

Returning to the question of Ways and Means, and speaking in the bests interests of the Province and our credit for some years, we must look for an increased revenue in the neighborhood of \$1,000,000.00 per annum. It is idle and useless to hide the difficulty imposed by our predecessors. It is a question of our constitutional existence. To meet it, it is but a little help from all. To go on at present we cannot. We must be practical and there is no doubt of the future. We have the finest Province in the Dominion, we are rich in lands and minerals. The St. Lawrence passes throughout its entire length, and is the great highway of communication from the West, not only of Canada but of the United States to Europe. The commerce of the Dominion and the great railway systems are centered in our midst, and what we have to do is to take advantage of all these.

It may be that some of the remedies we will have later on to suggest may throw a large amount of odium upon the Government, but, Sir, with the examination that has been made, I feel that we are right, and no matter what may take place to-day, history will sooner or later write upon its pages that we have acted patriotically and wisely.

With these explanations, somewhat tedious perhaps and lengthy, I ask the cooperation of all the members of the House to examine the Estimates and be prepared later on to meet the Government in the measures that will be brought down to put our Province straight.

I now move, Mr. Speaker, that you leave the Chair, and the House resolve itself into Committee of Supply

t down
cial cir-
ever,
s, and
acter.

in the
st look
nnum.
ors. It
a little
eal and
Domi-
rough-
m the
merce
midst,

uggest
, with
nd no
upon

I ask
mates
t will

House